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UNCLAS SECTION 01 OF 02 PANAMA 002152

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WHA/CEN PASS TO GREGORY SCHIFFER

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TAGS: PGOV PREL OVIP PM LABOR HUMAN RIGHTSPOLMIL

SUBJECT: POTUS VISIT PANAMA

1.(SBU) Summary. In an October 21 meeting, FM Lewis told the Ambassador of his government's heightened concern about the absence of meaningful "deliverables" from the President's visit. While Lewis was careful to emphasize that the visit itself was a great symbol of the close relations between the US and Panama, he feared that without tangible deliverables the local press will turn the visit into a negative. Lewis's main concern is that the FTA won't be concluded before the visit. He welcomed the possibility of announcing the establishment of an ad-hoc consultative mechanism between our governments as long as its wording did not suggest its sole focus was security. Lewis also asked that we coordinate our response to issues such as Unexploded Ordinance (UXO) that are certain to surface. Embassy believes that in the absence of an FTA, a strong communiqu highlighting our common interests, our shared democratic values, our interest in world commerce and the canal, our commitment to open markets and free trade, the shared fight against corruption and agreement to shore up democracy in the region will send a strong signal to the region. In addition, ongoing bilateral programs, if presented correctly, clearly show the strength of U.S. commitment to Panama. End Summary.

GOP worried FTA may not be ready for prime time

2.(SBU) FM Lewis invited the Ambassador for an urgent meeting to discuss the &substance8 of the President's visit. He immediately launched into a discussion of the FTA. Lewis said the GOP had hoped an FTA agreement would be the centerpiece of the visit but acknowledged that it looked unlikely based on reports he had received from Washington. The Ambassador told Lewis that trade negotiations follow their own timetable and that just because an agreement is not reached by the time the visit takes place does not mean all is lost. Lewis took the Ambassador's advice on board and asked what was the likelihood of reaching some sort of agreement on: Panama's request for "near Foreign port" designation and/or some sort of debt relief.

3.(SBU) The Ambassador told Lewis that neither was likely in the timeframe of the visit. He stressed that the President's visit is powerful evidence of the strength of the Panama/U.S. relationship and that we have an impressive set of bilateral accomplishments. Lewis asked that we coordinate our message particularly with respect to sensitive issues such as UXO, allegations that the Torrijos Administration is trying to militarize the police force, China's influence on the management of the Canal, and other issues that surface when the opposition or the press try to embarrass the Torrijos administration. The Ambassador agreed to have a coordinated approach.

POTUS visit opportunity to highlight mature relationship

4.(SBU) The Ambassador told Lewis that there are possible deliverables for the visit, but not the kind he was looking for. He reminded Lewis that we had discussed the possibility of announcing an ad-hoc consultative mechanism on security. Lewis responded that such an announcement would fall into the hands of those who accuse the Torrijos administration of trying to militarize the police force in Panama. He suggested instead that we expand the concept to include discussions on the Embassy's democracy initiative and other issues. The Ambassador said the Embassy would look into his suggestion and review our assistance program with a view to repackage it and highlight the accomplishments of our bilateral relationship. Lewis welcomed this initiative.

U.S. assistance to Panama is broad and deep

5.(SBU) An Embassy review of our assistance programs in Panama reflects Panama's status as a mature partner of the United States. While having "deliverables" would be a desirable outcome of the visit, Embassy believes we have much to be proud of, to wit:

U.S. provided \$32.2 million in assistance to Panama in FY 2005. A brief summary of programs administered by U.S. agencies in Panama includes:

U.S. AID
Transparency/Anti-corruption Programs \$2.2 million

Trade Capacity Building \$4.6 million
Strengthening Darien Communities \$.8 million

Animal Plant and Health Inspection Service
(APHIS) Screw Worm eradication and hoof and
mouth disease barriers \$10 million

Department of Labor Child Labor Initiative,
Trade Development, and Prevention of
Commercial Sexual Exploitation \$ 2 million

Department of Homeland Security assistance
to Panamanian Public Forces \$ 5.2 million

Office of Defense Cooperation Humanitarian
Assistance (New Horizons) \$ 6.0 million

Fulbright/Exchange Visitors Programs \$.4 million

6.(SBU) Dollar figures alone simply cannot communicate the commitment of the U.S. to helping Panama become a developed nation. Many Americans are actively involved in helping Panama and provide "deliverables" every day. Here are just a few examples of our commitment to this country.

Peace Corps: 130 volunteers, working in areas where the poverty rate exceeds 70%. Over 35% of these volunteers are in indigenous areas with poverty rates of 98%.

New Horizons, the Department of Defense Humanitarian Program: deployed 3,500 military members to Panama who built three schools and community centers in Panama's poverty stricken interior. Military doctors and veterinarians also provided assistance to Panamanians.

Panama is the beneficiary of two debt-for-nature swap programs totaling \$21 million for tropical rainforest preservation. Panama is the only country to benefit from two such agreements.

The Foreign Commercial Service brought 102 U.S. companies to Panama on trade missions and business development programs in FY 05

Currently, 294 persons are employed in the APHIS screwworm eradication program. A new \$40 million facility is under construction which will generate 300 new jobs for Panamanians.

The number of Americans who live permanently in Panama, many of them retirees who have purchased homes and other properties, continues to grow, and now stands at over 25,000.

Finally, we have also begun construction on a \$70 million New Embassy Compound, providing many construction jobs and contracts to Panamanians.

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